

HORRY - GEORGETOWN TECHNICAL COLLEGE
CONWAY, SOUTH CAROLINA
INDEPENDENT AUDITOR'S REPORT
FINANCIAL STATEMENTS AND SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2014

HORRY - GEORGETOWN TECHNICAL COLLEGE
CONWAY, SOUTH CAROLINA

Table of Contents

	<u>PAGE</u>
Organizational Data	1
Independent Auditor's Report.....	2-4
Management's Discussion and Analysis	5-14
Financial Statements:	
Statements of Net Position.....	15
Statements of Revenues, Expenses and Changes in Net Position	16
Statements of Cash Flows.....	17-18
Component Unit - Statement of Financial Position and Statement of Activities	19
Notes to Financial Statements.....	20-40
Single Audit Act Requirements:	
Schedule of Expenditures of Federal Awards.....	41-42
Notes to Schedule of Expenditures of Federal Awards.....	43
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	44-45
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133	46-47
Schedule of Findings and Questioned Costs.....	48
Schedule of Prior Audit Findings	49

HORRY - GEORGETOWN TECHNICAL COLLEGE
CONWAY, SOUTH CAROLINA
AUDIT PERIOD
JULY 1, 2013 THROUGH JUNE 30, 2014

AREA COMMISSIONERS

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>	<u>County</u>
Joe Thomas Branyon, Jr.	Chairman	07-01-2015	Georgetown
Orrie E. West	Vice-Chairman	07-01-2014	Horry
Herman C. Jones	Chairman Emeritus	07-01-2014	Horry
William H. Murray	Secretary	07-01-2015	Georgetown
William K. Richardson		07-01-2015	Horry
Y. Melvin Nobles		07-01-2014	Horry
Donald W. Helms		07-01-2014	Horry
Jon David McMillan		07-01-2015	Georgetown
Brent D. Groome		07-01-2015	Horry

EXECUTIVE STAFF

Mr. H. Neyle Wilson	College President
Dr. Marilyn J. Fore	Executive Vice President for Academic Affairs
Mr. Ralph L. Selander	Vice President for Technology and Institutional Planning
Mr. W. Gregory Thompson	Associate Vice President for Student Affairs
Mr. Harold N. Hawley	Vice President for Finance and Business Affairs
Mr. Gregory L. Mitchell	Vice President for Workforce Development and Continuing Education

AREA SERVED

Horry County
Georgetown County

COUNTIES PROVIDING FINANCIAL SUPPORT

Horry County
Georgetown County



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Stacey C. Moree CPA
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INDEPENDENT AUDITOR'S REPORT

Horry - Georgetown Commission for Technical Education
Horry - Georgetown Technical College
Conway, South Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of Horry - Georgetown Technical College, a component unit of the State of South Carolina, as of and for the years ended June 30, 2014 and June 30, 2013 and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents. We did not audit the financial statements of Horry - Georgetown Technical College Foundation, Inc. which represents 100 percent of the discretely presented component unit presented in the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Horry - Georgetown Technical College Foundation, Inc. which represents 100 percent of the discretely presented component unit presented in the financial statements. Those financial statements were audited by other auditors whose report has been furnished to us, and our opinion on the basic financial statements insofar as it relates to the amounts included for Horry - Georgetown Technical College Foundation, Inc. as a discretely presented component unit, is based solely on the report of other auditors. We conducted our

audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our report and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Horry – Georgetown Technical College, as of June 30, 2014 and June 30, 2013, and the respective changes in the financial position and, where applicable, cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

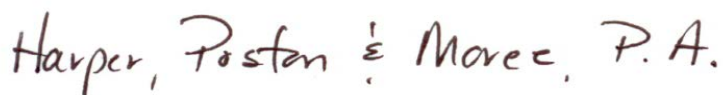
Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Horry – Georgetown Technical College's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profits Organizations*, and is not a required part of the basic financial statements.

The accompanying schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our report and the report of other auditors, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 26, 2014 on our consideration of the College's internal control over financial reporting and on our testes of its compliance with certain provision of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.



Harper, Poston & Moree, P.A.
Certified Public Accountants

Georgetown, South Carolina
September 26, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of Horry-Georgetown Technical College offer users and other readers of the College's financial statements this narrative overview and analysis of its financial activities for the fiscal years ended June 30, 2014 and June 30, 2013. This discussion and analysis should be read in conjunction with the consolidated financial statements and the footnotes thereto, which follow this section.

The financial statement presentation format provides a comprehensive, entity-wide perspective of the College's assets, liabilities, net position, revenues, expenses, changes in net position, and cash flows. The financial statements are designed to emulate corporate presentation models whereby all College activities are consolidated into one total. The Statement of Net Position combines and consolidates current financial resources (short-term spendable resources) with capital assets and discloses any debt obligations.

The Statement of Revenues, Expenses, and Changes in Net Position focuses on both the gross costs and the net costs of College activities which are supported substantially by property taxes, state allocation, state and federal grants and contracts, student tuition and fees and auxiliary enterprise revenues. This approach is intended to summarize and simplify an analysis of costs for various College services to students and the public.

As additional information, financial statements for the Horry-Georgetown Technical College Foundation (the Foundation) are also included. All financial activities and balances of the Foundation are disclosed as a discretely presented component unit.

Financial Highlights

- The total net position of the College at June 30, 2014, increased to \$101,987,439 from \$95,593,822 or by \$6,393,617 during the fiscal year. Of this amount, \$39,154,391 (unrestricted assets) may be used to meet the College's ongoing obligations. This increase was driven by overall stable enrollment, receipt of the local Education Capital Sales and Use (penny) Tax proceeds, ongoing College-wide cost reduction initiatives, and receipt of various federal, state, and private grants.
- The College is in the midst of a multi-year capital improvement initiative that includes constructing new academic facilities, refurbishing buildings, and improving its infrastructure. The capital improvements are financed by College Funds, private donations, Federal grants and the local Educational Capital Improvement Sales and Use (Penny) Tax.
- In spite of unprecedented reductions in State support, the College was able to increase its net position, further evidencing its financial strength.

Overview of the Financial Statements

The College is engaged only in Business-Type Activities (BTA) that is financed in part by fees charged to students for educational services. Accordingly, its activities are reported using the three financial statements required for proprietary funds: Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

The Statement of Net Position presents the financial position of the College at the end of the current and prior fiscal years, and classifies assets and liabilities into current and non-current. The difference between total assets and total liabilities is net position, which is displayed in three broad categories: Investment in Capital Assets (net of related debt); Restricted Assets; and Unrestricted Assets. Net Position is one indicator of the current financial condition of the College, while the change in Net Position is an indicator of whether the overall financial condition has improved or worsened during the year.

The Statement of Revenues, Expenses, and Changes in Net Position is a statement of net income with an entity-wide perspective. Revenues and expenses are categorized by operating and non-operating, and expenses are reported by object type.

The Statement of Cash Flows will aid readers in identifying the sources and uses of cash by the major categories of operating, capital and related financing, non-capital financing, and investing activities. This statement also emphasizes the College's dependence on state and county appropriations by separating them from operating cash flows.

Financial Analysis

In addition to the financial information, charts and graphs are provided to enhance an understanding of the institutions financial condition and related changes from the prior fiscal year.

Net Position For the Years Ended June 30,

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Current assets	\$ 32,067,042	\$ 32,645,073	\$ (578,031)	(1.77%)
Non-current assets				
Capital assets, net of depreciation	\$ 62,680,088	\$ 60,811,339	\$ 1,868,749	3.07%
Other	\$ 17,112,660	\$ 12,292,630	\$ 4,820,030	39.21%
Total assets	<u>\$ 111,859,790</u>	<u>\$ 105,749,042</u>	<u>\$ 6,110,748</u>	<u>5.78%</u>
Current liabilities	\$ 8,251,660	\$ 8,470,186	\$ (218,526)	(2.58%)
Non-current liabilities	\$ 1,620,691	\$ 1,685,034	\$ (64,343)	(3.82%)
Total liabilities	<u>\$ 9,872,351</u>	<u>\$ 10,155,220</u>	<u>\$ (282,869)</u>	<u>(2.79%)</u>
Investment in capital assets, Net of Related debt	\$ 62,673,219	\$ 60,794,503	\$ 1,878,716	3.09%
Restricted for: expendable	\$ 159,829	\$ 174,658	\$ (14,829)	(8.49%)
Unrestricted	\$ 39,154,391	\$ 34,624,661	\$ 4,529,730	13.08%
Total Net Position	<u>\$ 101,987,439</u>	<u>\$ 95,593,822</u>	<u>\$ 6,393,617</u>	<u>6.69%</u>

The previous schedule is prepared from the College's statement of net position, which is presented using an accrual basis of accounting, whereby assets are capitalized and depreciated. Total assets increased by \$6,110,748 or approximately 5.78% over the prior year. This change was driven primarily by an increase in construction activities associated with the renovation of several academic buildings on the Conway Campus, and college-wide road, parking and general landscaping improvements. The capital activity also included costs associated with the design of a new Culinary Arts building on the Grand Strand Campus. Other non-current assets are the College's investments which had an increase of \$4,820,030 this year. This increase was due to additional investments and to market appreciation.

Total liabilities decreased by \$282,869 or 2.8% during the fiscal year due to a decrease in accounts payable associated with construction and renovation projects.

Total net position increased by \$6,393,617 or approximately 6.7% during the fiscal year. As evidenced by this increase, the College continues to benefit from a sound financial position as assets substantially exceed liabilities.

As shown above, the College experienced a healthy increase in its net position during 2014, although the increase was slightly less than in 2013. During the year, the net position increased by \$6,393,617 or 6.69% as compared to an increase of \$6,905,700 in 2013.

**Operating Results for the Years Ended
For the Years Ended June 30,**

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Operating Revenue				
Tuition and Fees	\$ 18,747,908	\$ 19,220,836	\$ (472,928)	(2.46%)
Federal and State Contracts	\$ 7,964,260	\$ 7,862,387	\$ 101,873	1.30%
Auxiliary	\$ 926,801	\$ 885,075	\$ 41,726	4.71%
Other	\$ 322,153	\$ 310,932	\$ 11,221	3.61%
Total Operating Revenue	<u>\$ 27,961,122</u>	<u>\$ 28,279,230</u>	<u>\$ (318,108)</u>	<u>(1.12%)</u>
Less Operating Expenses	<u>\$ 57,916,282</u>	<u>\$ 56,702,673</u>	<u>\$ 1,213,609</u>	<u>2.14%</u>
Net Operating Income (Loss)	<u>\$ (29,955,160)</u>	<u>\$ (28,423,443)</u>	<u>\$ (1,531,717)</u>	<u>(5.39%)</u>
Non-Operating Revenue (Expenses)				
State Appropriations	\$ 7,342,095	\$ 7,167,534	\$ 174,561	2.44%
Horry County	\$ 3,500,000	\$ 3,485,000	\$ 15,000	0.43%
Georgetown County	\$ 465,000	\$ 465,000	\$ -	0.00%
Other	\$ 19,215,351	\$ 19,166,538	\$ 48,813	0.25%
Total Non-Operating Revenue (Expenses)	<u>\$ 30,522,446</u>	<u>\$ 30,284,072</u>	<u>\$ 238,374</u>	<u>0.79%</u>
Capital Grants and Gifts	<u>\$ 5,826,331</u>	<u>\$ 5,045,071</u>	<u>\$ 781,260</u>	<u>15.49%</u>
Increase in Net Position	<u>\$ 6,393,617</u>	<u>\$ 6,905,700</u>	<u>\$ (512,083)</u>	<u>(7.42%)</u>
Net Position - Beginning of Year	<u>\$ 95,593,822</u>	<u>\$ 88,688,122</u>	<u>\$ 6,905,700</u>	<u>7.79%</u>
Net Position - End of Year	<u><u>\$ 101,987,439</u></u>	<u><u>\$ 95,593,822</u></u>	<u><u>\$ 6,393,617</u></u>	<u><u>6.69%</u></u>

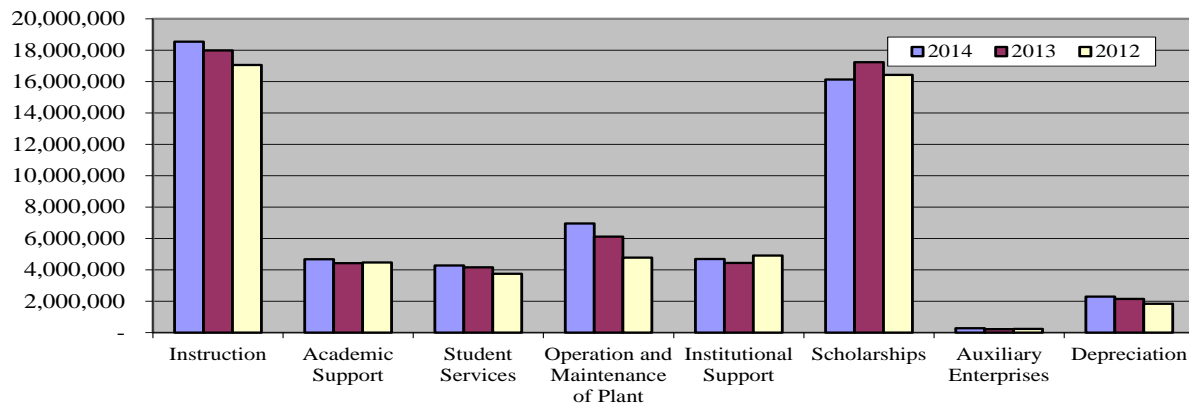
Although the College's net position increased for the year, the rate of increase in net position was slightly less than prior year due to a small decline in enrollment (tuition revenue), and an increase in operating costs. The increase in operating costs was due to additional instructional expenses, primarily salaries, and an increase in plant improvements.

Operating Expenses by Function For the Years Ended June 30,

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Operating Expenses				
Instruction	\$ 18,535,161	\$ 17,978,388	\$ 556,773	3.10%
Academic Support	\$ 4,670,496	\$ 4,423,345	\$ 247,151	5.59%
Student Services	\$ 4,372,236	\$ 4,157,190	\$ 215,046	5.17%
Operation and Maintenance of Plant	\$ 6,949,076	\$ 6,116,251	\$ 832,825	13.62%
Institutional Support	\$ 4,686,972	\$ 4,435,454	\$ 251,518	5.67%
Scholarships	\$ 16,133,890	\$ 17,227,801	\$ (1,093,911)	(6.35%)
Auxiliary Enterprises	\$ 271,180	\$ 213,779	\$ 57,401	26.85%
Depreciation	\$ 2,297,271	\$ 2,150,465	\$ 146,806	6.83%
Total Operating Expenses	<u>\$ 57,916,282</u>	<u>\$ 56,702,673</u>	<u>\$ 1,213,609</u>	<u>2.14%</u>

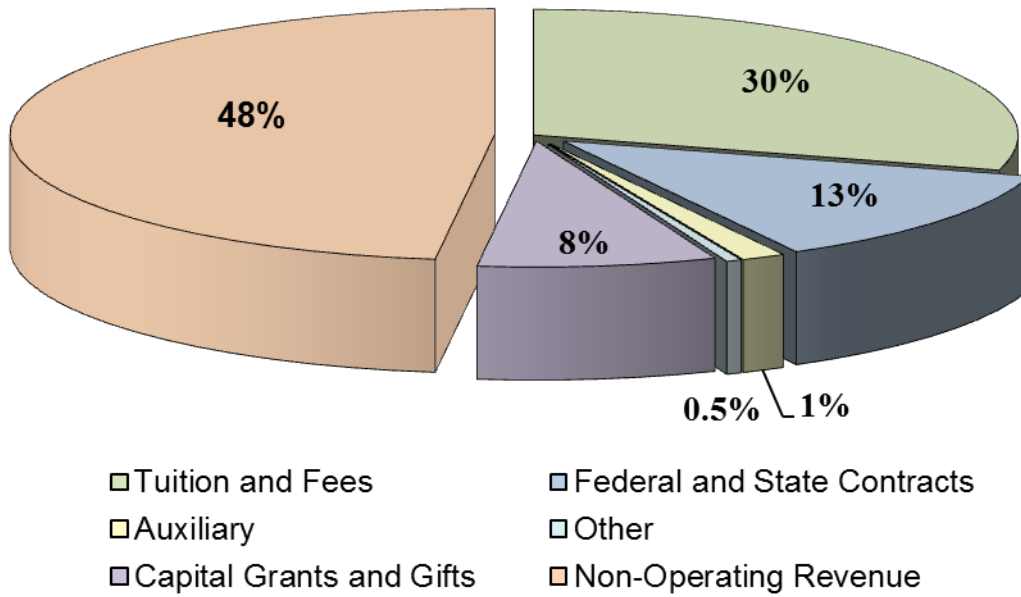
The following is a multi-year graphical trend of operating expenses by function.

Comparison of Operating Expenses Fiscal Years 2014, 2013 and 2012

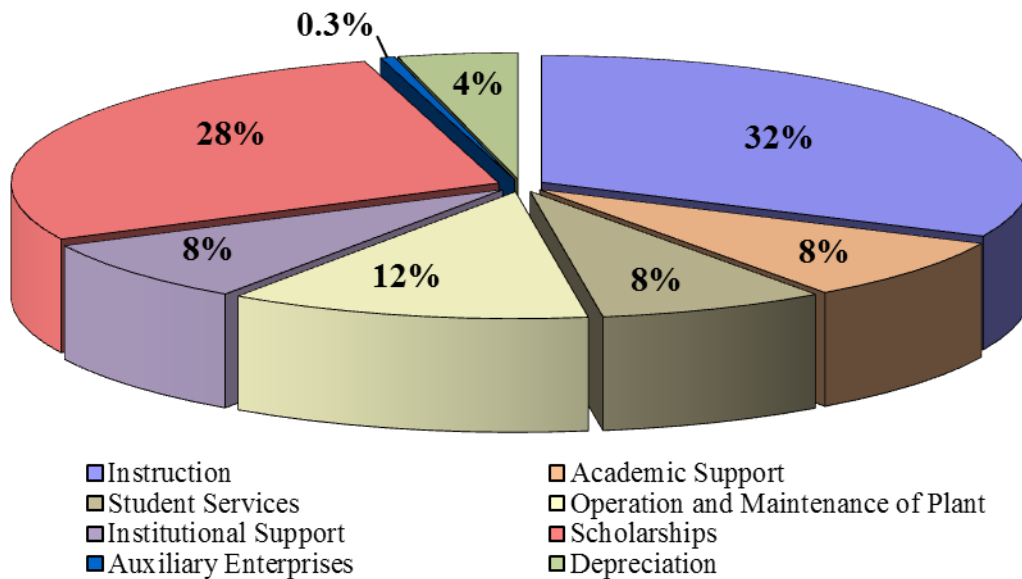


Operating expenses for fiscal year 2014 increased by \$1,213,609 or 2.1% over the prior year. The primary driver of the change was increased Plant costs associated with completing several maintenance and renovation projects to enhance the quality of services and facilities provided to students. Other increases in expenses were due to normal inflationary pressure on those goods and services acquired by the College.

Revenue by Source



Operating Expenses



Analysis of Net Position
For the Years Ended June 30,

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Net Position				
Investment in Capital Assets, Net of Related debt	\$ 62,673,219	\$ 60,794,503	\$ 1,878,716	3.09%
Restricted for: Expendable	\$ 159,829	\$ 174,658	\$ (14,829)	(8.49%)
Unrestricted	<u>\$ 39,154,391</u>	<u>\$ 34,624,661</u>	<u>\$ 4,529,730</u>	<u>13.08%</u>
Total Net Position	<u>\$ 101,987,439</u>	<u>\$ 95,593,822</u>	<u>\$ 6,393,617</u>	<u>6.69%</u>

Net position may serve over time as a useful indicator of an entity's financial position. In the case of the College, assets exceeded liabilities by \$101,987,439 and \$95,593,822 at June 30, 2014 and 2013 respectively. This year-to-year increase in net position, of \$6,393,617 further demonstrates the financial health and economic viability of the College.

Approximately 61% of the College's net position at June 30, 2014 was invested in capital assets (land, land improvements, buildings and improvements, and equipment). The College uses these assets to provide services to students; and as such, these assets are NOT available for future spending.

At June 30, 2014, less than 1% or \$159,829 of the College's net position is restricted for revolving loan funds and by other grantor imposed restrictions. Approximately \$39,154,391 or 38% of the College's net position is unrestricted and may be used to the meet the College's ongoing obligations.

Net Capital Assets
For the Years Ended June 30,

	<u>2014</u>	<u>2013</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Capital Assets				
Land and Improvements	\$ 8,501,511	\$ 6,952,005	\$ 1,549,506	22.29%
Construction in Progress	\$ 5,800,225	\$ 3,694,662	\$ 2,105,563	56.99%
Buildings	\$ 66,157,794	\$ 66,766,735	\$ (608,941)	(0.91%)
Equipment	<u>\$ 6,896,820</u>	<u>\$ 7,128,601</u>	<u>\$ (231,781)</u>	<u>(3.25%)</u>
Total Capital Assets	<u>\$ 87,356,350</u>	<u>\$ 84,542,003</u>	<u>\$ 2,814,347</u>	<u>3.33%</u>
Less Accumulated Depreciation	<u>\$ (24,676,262)</u>	<u>\$ (23,730,664)</u>	<u>\$ (945,598)</u>	<u>3.98%</u>
Net Capital Assets	<u><u>\$ 62,680,088</u></u>	<u><u>\$ 60,811,339</u></u>	<u><u>\$ 1,868,749</u></u>	<u><u>3.07%</u></u>

As of June 30, 2014, the College had \$62,680,088 in capital assets, which represented a \$1,868,749 or 3% increase over the prior fiscal year. The College continued work on several capital projects during the year which significantly increased total assets. Those capital projects include constructing new and renovating existing academic buildings; and upgrading the College's road, sidewalk and parking infrastructure. In addition, during the year the College removed two antiquated buildings from its capital assets at a cost of \$767,778.

Cash Flows
For the Years Ended June 30,

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities	\$ (27,955,442)	\$ (23,718,159)
Cash Flows from Non-Capital Financing Activities	\$ 30,489,088	\$ 31,508,228
Cash Flows from Capital and Related Financing Activities	\$ 1,817,123	\$ (6,586,515)
Cash Flows from Investing Activities	<u>\$ (3,642,553)</u>	<u>\$ (1,269,630)</u>
Net (Decrease)/Increase in Cash	\$ 708,216	\$ (66,076)
Cash - Beginning of Year	<u>\$ 13,288,876</u>	<u>\$ 13,354,952</u>
Cash - End of Year	<u><u>\$ 13,997,092</u></u>	<u><u>\$ 13,288,876</u></u>

The College's cash position was increased by approximately \$708,216 or 5% during the year. The increase in cash was primarily due a lesser degree of construction activity in 2014 than in 2013. During fiscal year 2013, the College completed construction on Building 300, a large academic facility. Although the College continued its capital improvement plan in 2014, the expenditures in 2014 were less than those incurred in 2013.

Capital Asset and Debt Administration

The College increased its investments in capital assets by approximately \$1,868,749 or approximately 3% in 2014. This change was due to ongoing expenses associated with several large construction projects including the renovation of Buildings 100, 200 and 1000 on the Conway Campus. Other capital project activity during the year included improvements to sidewalks and parking areas, and design work associated with the construction of a new Culinary Arts academic building on the Grand Strand Campus.

The College was able to substantially increase its net position during the year through relatively stable enrollment, ongoing cost reduction initiatives, and receipt of the local Education Capital Improvement Sales and Use (penny) Tax.

Economic Factors

As a result of state funding reductions in recent years, the College is forced to rely more heavily on tuition revenue to support its mission.

Going forward, the College expects some flattening of enrollment growth due to the ongoing economic recovery, increased federal restrictions on financial aid, and local competition from private and two-year institutions. The future impact of enrollment increases or decreases however, cannot be measured with any precision.

In spite of these economic and market related challenges, the College remains fiscally strong and enjoys significant liquidity and has no long-term debt. The College's fiscal health is supported by relatively stable enrollment, ongoing cost reductions, and receipt of the local Education Capital Improvement Sales and Use Tax.

Horry-Georgetown Technical College Foundation

A copy of the Horry-Georgetown Technical College Foundation audit may be obtained by mailing a request to the Horry-Georgetown Technical College Foundation at 743 Hemlock Ave, Myrtle Beach, SC 29577.

FINANCIAL STATEMENTS

HORRY - GEORGETOWN TECHNICAL COLLEGE
CONWAY, SOUTH CAROLINA

STATEMENTS OF NET POSITION
JUNE 30, 2014 AND JUNE 30, 2013

	2014	2013
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 13,871,004	\$ 13,160,379
Cash and Cash Equivalents (Restricted for Loans)	126,088	128,497
Short Term Investments	9,542,626	10,852,494
Accounts Receivable, Net	8,159,805	8,162,515
Interest Receivable	130,033	81,761
Loans Receivable	32,389	28,869
Prepaid Expenses	205,097	230,558
Total Current Assets	\$ 32,067,042	\$ 32,645,073
Noncurrent Assets		
Investments	\$ 17,112,660	\$ 12,292,630
Capital Assets, Net of Accumulated Depreciation	62,680,088	60,811,339
Total Noncurrent Assets	\$ 79,792,748	\$ 73,103,969
Total Assets	\$ 111,859,790	\$ 105,749,042
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 1,598,597	\$ 3,246,354
Due to Other State Agencies	22,285	41,984
Retainage Payable	80,088	80,092
Accrued Payroll and Related Liabilities	1,125,047	1,266,115
Compensated Absences Payable	92,332	45,505
Unearned Revenue	4,404,405	2,951,362
Funds Held for Others	922,037	828,807
Capital Lease Payable - Current Portion	6,869	9,967
Total Current Liabilities	\$ 8,251,660	\$ 8,470,186
Noncurrent Liabilities		
Compensated Absences Payable	\$ 1,620,691	\$ 1,678,165
Capital Lease Payable - Long Term Portion	0	6,869
Total Noncurrent Liabilities	\$ 1,620,691	\$ 1,685,034
Total Liabilities	\$ 9,872,351	\$ 10,155,220
NET POSITION		
Net Investment in Capital Assets	\$ 62,673,219	\$ 60,794,503
Restricted for		
Expendable		
Loans	157,948	155,908
Other	1,881	18,750
Unrestricted	39,154,391	34,624,661
Total Net Position	\$ 101,987,439	\$ 95,593,822

The Accompanying Notes are an Integral Part of this Statement

HORRY - GEORGETOWN TECHNICAL COLLEGE
CONWAY, SOUTH CAROLINA

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013

	2014	2013
REVENUES		
Operating Revenues		
Student Tuition & Fees (Net of Scholarship Allowance of \$8,490,149 for 2014 and \$8,402,530 for 2013)	\$ 18,747,908	\$ 19,220,836
Federal Grants and Contracts	1,639,420	1,961,712
State Grants and Contracts	6,270,308	5,900,675
State Operational Appropriation	54,532	0
Auxiliary Enterprises	926,801	885,075
Sales and Services of Education Departments	142,032	141,044
Other Operating Income	180,121	169,888
Total Operating Revenue	<u>\$ 27,961,122</u>	<u>\$ 28,279,230</u>
 EXPENSES		
Operating Expenses		
Salaries	\$ 21,781,119	\$ 21,420,115
Benefits	6,676,940	6,344,719
Scholarships	15,950,174	16,990,745
Utilities	1,348,792	1,371,708
Supplies and Other Services	9,861,986	8,424,921
Depreciation	2,297,271	2,150,465
Total Operating Expenses	<u>\$ 57,916,282</u>	<u>\$ 56,702,673</u>
 Net Operating Income (Loss)	<u>\$ (29,955,160)</u>	<u>\$ (28,423,443)</u>
 NONOPERATING REVENUES (EXPENSES)		
State Appropriations	\$ 7,342,095	\$ 7,167,534
County Appropriations	3,965,000	3,950,000
Investment Income (Loss)	878,815	(274,128)
Federal Grants and Contracts	17,796,468	19,136,415
State Grants and Contracts	158,074	0
Gifts	364,694	216,167
Interest Expense	(492)	(882)
Refund to Grantors	(16,870)	0
Other Nonoperating Revenues	34,662	88,966
Total Nonoperating Revenues (Expenses)	<u>\$ 30,522,446</u>	<u>\$ 30,284,072</u>
 Income (Loss) Before Other Revenues, Expenses, Gains or Losses	\$ 567,286	\$ 1,860,629
 State Capital Appropriations	\$ 1,038,741	\$ 339,270
Capital Grants & Gifts	464,005	345,333
Education Capital Improvement Tax	4,275,178	3,959,655
Transfers to/from Other State Agency	<u>48,407</u>	<u>400,813</u>
 Increase (Decrease) in Net Position	\$ 6,393,617	\$ 6,905,700
 Net Position - Beginning of Year	<u>\$ 95,593,822</u>	<u>\$ 88,688,122</u>
 Net Position - End of Year	<u><u>\$ 101,987,439</u></u>	<u><u>\$ 95,593,822</u></u>

The Accompanying Notes are an Integral Part of this Statement

HORRY - GEORGETOWN TECHNICAL COLLEGE
CONWAY, SOUTH CAROLINA

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and Fees (Net of Scholarship Allowances)	\$ 18,243,062	\$ 18,654,094
Federal, State and Local Grants and Contracts	8,340,226	7,870,597
State Allocation	54,532	0
Auxiliary Enterprise	926,801	885,075
Sales and Services of Education Departments	142,032	141,044
Other Receipts	180,121	169,888
Student Loan Proceeds	31,091,753	34,517,396
Student Loan Disbursements	(31,091,753)	(34,517,396)
Payments to Vendors	(34,202,165)	(29,975,186)
Payments to Employees	(21,640,051)	(21,463,671)
Net Cash Provided (Used) by Operating Activities	\$ (27,955,442)	\$ (23,718,159)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations	\$ 7,342,095	\$ 7,167,534
County Appropriations	3,965,000	3,950,000
State, Local and Federal Grants, Gifts and Contracts - Nonoperating	18,288,364	20,598,649
Other Income (Expense) - Nonoperating	913,477	(185,162)
Transfer to Other State Agency	(19,848)	(22,793)
Net Cash Provided (Used) by Noncapital Financing Activities	\$ 30,489,088	\$ 31,508,228
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Grants State and Local	\$ 5,925,347	\$ 4,599,738
Principal Payment Capital Lease	(9,967)	(9,576)
Interest Payment on Capital Lease	(492)	(882)
Purchase of Capital Assets	(4,097,765)	(11,175,795)
Net Cash Provided (Used) by Capital and Related Financing Activities	\$ 1,817,123	\$ (6,586,515)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales and Maturities of Investments	\$ 3,769,842	\$ 10,828,057
Interest on Investments	878,815	708,601
Purchase of Investments	(8,291,210)	(12,806,288)
Net Cash Provided (Used) by Investing Activities	\$ (3,642,553)	\$ (1,269,630)
Net Increase (Decrease) in Cash	\$ 708,216	\$ (66,076)
Cash - Beginning of Year	13,288,876	13,354,952
Cash - End of Year	\$ 13,997,092	\$ 13,288,876

The Accompanying Notes are an Integral Part of this Statement

HORRY - GEORGETOWN TECHNICAL COLLEGE
CONWAY, SOUTH CAROLINA

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2014 AND JUNE 30, 2013

	2014	2013
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating Income (Loss)	\$ (29,955,160)	\$ (28,423,443)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation Expense	2,297,271	2,150,465
Change in Assets and Liabilities:		
Operational Receivables, Net	(2,710)	624,358
Loan Receivable	3,520	3,454
Accrued Payroll and Related Liabilities	(141,068)	43,556
Prepaid Expenses	(25,461)	(1,417)
Accounts and Retainage Payable	(1,647,761)	861,025
Compensated Absences	(10,647)	26,477
Unearned Revenue - Operating Activities	1,453,043	1,043,549
Due to Other State Agencies	(19,699)	(175,636)
Funds Held for Others	93,230	129,453
Net Cash Provided (Used) by Operating Activities	\$ <u>(27,955,442)</u>	\$ <u>(23,718,159)</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital Assets Transferred from Other State Agencies	\$ 68,255	\$ 423,606
Unrealized Loss on Investments	0	(982,729)
Total Noncash Capital And Related Financing Activities	\$ <u>68,255</u>	\$ <u>(559,123)</u>

The Accompanying Notes are an Integral Part of this Statement

HORRY - GEORGETOWN TECHNICAL COLLEGE FOUNDATION, INC.
CONWAY, SOUTH CAROLINA
COMPONENT UNIT
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014

	<u>2014</u>
ASSETS	
Cash	\$ 1,063,521
Contributions Receivable, Net	541,665
Investments	8,972,589
Other Assets	5,525
Property, Plant & Equipment, Net of Accumulated Depreciation	18,240
Total Assets	\$ <u><u>10,601,540</u></u>
LIABILITIES	
Accounts Payable and Accrued Expenses	\$ <u>1,756,514</u>
Total Liabilities	\$ <u><u>1,756,514</u></u>
NET ASSETS	
Unrestricted	\$ 86,480
Temporarily Restricted	6,333,938
Permanently Restricted	2,424,608
Total Net Assets	\$ <u><u>8,845,026</u></u>
Total Liabilities and Net Assets	\$ <u><u>10,601,540</u></u>

HORRY - GEORGETOWN TECHNICAL COLLEGE FOUNDATION, INC.
CONWAY, SOUTH CAROLINA
COMPONENT UNIT
STATEMENT OF ACTIVITY FOR THE YEAR ENDED JUNE 30, 2014

	<u>2014</u>
SUPPORT AND REVENUE	
Contributions	\$ 738,993
Investment Income	1,192,432
Total Support and Revenue	\$ <u><u>1,931,425</u></u>
EXPENSES	
Projects and Programs	\$ 357,355
Administrative Expenses	279,770
Total Expenses	\$ <u><u>637,125</u></u>
Change in Net Assets	\$ 1,294,300
Net Assets - Beginning of Year	<u>7,550,726</u>
Net Assets - End of Year	\$ <u><u>8,845,026</u></u>

The Accompanying Notes are an Integral Part of this Statement

NOTES TO FINANCIAL STATEMENTS

HORRY - GEORGETOWN TECHNICAL COLLEGE
CONWAY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations: Horry - Georgetown Technical College (the “College”), a member institution of the South Carolina Technical College System, provides a range of educational programs to meet the needs of the adult population of Horry and Georgetown counties. Included in this range of programs are technical and occupational associate degree, diploma and certificate curricula that are consistent with the needs of employers in the College’s service area. As an integral part of this mission, the College provides a program of continuing education designed to satisfy the occupational demands of employers through retraining and upgrading skills of individual employees. The College also provides a variety of developmental education programs, support services and offerings to assist students in meeting their personal and professional educational objectives.

Reporting Entity: The financial reporting entity, as defined by the Governmental Accounting Standards Board (“GASB”) consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be incomplete. Accordingly, the financial statements include the accounts of Horry - Georgetown Technical College, as the primary government, and the accounts of Horry - Georgetown Technical College Foundation, Inc. (the “Foundation”), its component unit. The College is considered a discretely presented component unit of the State of South Carolina as required by GASB Statement No. 61. However, based on the nature and significance of the Foundations’ relationship with the State of South Carolina, the Foundation is not a component unit of the State of South Carolina.

The Foundation is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The 32 member board of the Foundation is self-perpetuating and consists of friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon that the Foundation holds and invests are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below.

The Foundation is a private not-for-profit organization that reports its financial results under Financial Accounting Standard Board (“FASB”) Statements. Most significant to the Foundation’s operations and reporting model are FASB Statement No. 116, *Accounting for Contributions Received and Contributions Made*, and FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation’s financial information in the College’s financial reporting entity for these differences. However, significant note disclosures to the Foundation’s financial statements have been incorporated into the College’s notes to the financial statements.

Financial Statements of the Foundation can be obtained by calling the Foundation at (843) 477-2112.

Financial Statements: The financial statement presentation for the College meets the requirements of Governmental Accounting Standards Board (“GASB”) Statement No. 34, *Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management’s Discussion and Analysis for Public Colleges and Universities*. The financial statement presentation provides a comprehensive, entity-wide perspective of the College’s net position, revenues, expenses and changes in net position and cash flows that replaces the fund-group perspective previously required.

HORRY - GEORGETOWN TECHNICAL COLLEGE
CONWAY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The College implemented the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* during the current year. This statement defines which assets and liabilities are to be reported as deferred outflows and inflows of resources and identifies items previously reported as assets and liabilities that should be recognized as revenues or expenses when incurred. No changes were made to the financial statements as a result of implementation.

Basis of Accounting: For financial reporting purposes, the College is considered a special purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Student tuition and auxiliary enterprise fees are presented net of scholarships and fellowships applied to student accounts, while stipends and other payments made directly are presented as scholarship expenses. All significant intra-institutional transactions have been eliminated.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the State of South Carolina State Treasurer's Office are considered cash equivalents.

Investments: Deposits and investments for the College are governed by the South Carolina Code of Laws, Title 6, Chapter 5, "Investments of Funds by Political Subdivisions". The College has implemented GASB Statement No. 40, *Deposits and Investment Risk Disclosures - an amendment to GASB Statement No. 3*. This statement requires disclosures related to deposit risks, such as custodial credit risk, and investment risks, such as credit risk (including custodial credit risk and concentrations of credit risks) and interest rate risk. The College accounts for its investments at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statement of revenues, expenses and changes in net position.

Accounts Receivable: Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also include amounts due from the Federal government, State and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Capital Assets: Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. The College follows capitalization guidelines established by the State of South Carolina. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions and renovations and other improvements that add to the usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are capitalized. The College capitalizes movable personal property with a unit value in excess of \$5,000 and a useful life in excess of two years and depreciable land improvements, buildings and improvements, and intangible assets costing in excess of \$100,000. Routine repairs and maintenance and library materials, except individual items costing in excess of \$5,000, are charged to operating expenses in the year in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 15 to 50 years for buildings and improvements and land improvements and 2 to 25 years for machinery, equipment, and vehicles.

HORRY - GEORGETOWN TECHNICAL COLLEGE
CONWAY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unearned Revenues and Deposits: Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Deposits represent student fee refunds, and other miscellaneous deposits. Student deposits are recognized as revenue during the semester for which the fee is applicable and earned when the deposit is nonrefundable to the student under the forfeit terms of the agreement.

Compensated Absences: Employee vacation pay expense is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as a component of current and long-term liabilities in the statement of net position and as a component of salary and benefit expenses in the statement of revenues, expenses, and changes in net position.

Net Position: The College's net position is classified as follows:

Net investment in capital assets: This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

Restricted net position - expendable: Restricted expendable net position include resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Restricted net position - nonexpendable: Nonexpendable restricted net position consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Unrestricted net position: Unrestricted net position represent resources derived from student tuition and fees, appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

The College policy for applying expenses that can use both restricted and unrestricted resources is to first apply the expense to restricted resources and then to unrestricted resources.

Nonexchange Transactions: Nonexchange transactions involving financial or capital resources are transactions in which the college either gives value to another party without directly receiving equal value in exchange or receives value from another party without directly giving equal value in exchange. The types of nonexchange transactions the college engages in include "Voluntary nonexchange transactions" (certain grants and donations), and "Imposed nonexchange revenue" (fines and penalties), and "Government-mandated nonexchange transactions."

HORRY - GEORGETOWN TECHNICAL COLLEGE
CONWAY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Voluntary nonexchange transactions usually involve eligibility requirements that must be met before transactions are recognized. The eligibility requirements can include one or more of the following:

- a. The recipient has the characteristics specified by the provider.
- b. Time requirements specified by the provider have been met.
- c. The provider offers resources on a reimbursement basis and allowable costs have been incurred under the applicable program.
- d. The provider's offer of resources is contingent upon a specified action of the recipient and that action occurred.

Resources transmitted before the eligibility requirements are met are reported as advances by the provider and as unearned revenues by recipients.

Assets from imposed nonexchange revenues are recognized when an enforceable legal claim to the assets arise or when the resources are received.

Capitalized Interest: The College capitalizes as a component of construction in progress interest cost in excess of earnings on debt associated with capital projects. Therefore, capital asset values do include such interest costs. During the fiscal years ending June 30, 2014 and June 30, 2013, no interest costs were capitalized.

Income Taxes: The College is exempt from income taxes under the Internal Revenue Code.

Classification of Revenues: The College has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating revenues: Operating revenues generally result from exchange transactions to provide goods or services related to the College's principal ongoing operations. These revenues include (1) student tuition and fees received in exchange for providing educational services and other related services to students; (2) receipts for scholarships where the provider has identified the student recipients; (3) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the College; and (4) grants and contracts that are essentially the same as contracts for services that finance programs the College would not otherwise undertake.

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions. These revenues include gifts and contributions, appropriations, investment income, and any grants and contracts that are not classified as operating revenue or restricted by the grantor to be used exclusively for capital purposes.

Sales and Services of Educational and Other Activities: Revenues from sales and services of educational and other activities generally consist of amounts received from instructional, research, and public service activities that incidentally create goods and services which may be sold to students, faculty, staff, and the general public. The College receives such revenues primarily from the following programs: dental hygiene, massage therapy, food service and Culinary Arts programs.

Auxiliary Enterprises and Internal Service Activities: Auxiliary enterprise revenues primarily represent revenues generated by bookstore commissions and cafeteria and vending services. Revenues of internal service and auxiliary enterprise activities and the related expenditures of college departments have been eliminated.

Restricted Cash: The College has funds which were donated by private citizens to be used as short-term loans for students having financial difficulties. The loans are short-term and payable within 90 days. The restricted cash amount equals funds available at June 30, 2014 for such loans.

HORRY - GEORGETOWN TECHNICAL COLLEGE
CONWAY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Component Unit: The Foundation maintains its accounts in accordance with the principles and practices of fund accounting. Fund Accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors. Accordingly, net assets and changes therein are classified as follows:

Permanently Restricted Net Assets: Permanently Restricted Net Assets are subject to donor-imposed stipulations that require them to be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

Temporarily Restricted Net Assets: Temporarily Restricted Net Assets are subject to donor-imposed stipulations that will be met by actions of the Foundation and/or passage of time.

Unrestricted Net Assets: Unrestricted Net Assets are not subject to donor-imposed stipulations that will be met by actions of the Foundation and/or passage of time.

Revenues are reported as increases in unrestricted net assets classification unless use of the related assets is limited by donor-imposed restrictions. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions for in-kind gifts from outside sources are not recorded in the Foundation's financial records, but are accounted for and acknowledged separately.

Expenses are reported as decreases in unrestricted net assets as appropriate. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law.

Investments are reported at fair value based upon quoted market prices.

NOTE 2 - DEPOSITS AND INVESTMENTS

The following schedule reconciles deposits, investments, and petty cash funds to the Statement of Net Position amounts:

Primary Government

Statement of Net Position	2014	2013
Cash and Cash Equivalents (Current)	\$ 13,871,004	\$ 13,160,379
Cash and Cash Equivalents (Restricted for Loans)	126,088	128,497
Short-Term Investments	9,542,626	10,852,494
Investments (Noncurrent)	17,112,660	12,292,630
Total Cash and Investments	<u>\$ 40,652,378</u>	<u>\$ 36,434,000</u>
(On the Statement of Net Position)		
Disclosure of Deposits and Investments	2014	2013
Carrying Value of Deposits and Investments:		
Cash in Banks	\$ 3,476,652	\$ 6,162,750
Investments, Reported Amount	37,170,726	30,266,250
Total Deposits and Investments	<u>\$ 40,647,378</u>	<u>\$ 36,429,000</u>
Cash on Hand	5,000	5,000
Total Cash, Deposits, and Investments	<u>\$ 40,652,378</u>	<u>\$ 36,434,000</u>

HORRY - GEORGETOWN TECHNICAL COLLEGE
CONWAY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Discretely Presented Component Unit

Horry - Georgetown Technical College Foundation

Statement of Net Assets	2014
Cash and Cash Equivalents	\$ 1,063,521
Investments	8,972,589
Total Cash and Investments	<u>\$ 10,036,110</u>
Disclosure of Deposits and Investments	2014
Carrying Value of Deposits and Investments:	
Cash in Banks	\$ 1,063,521
Investments, Reported Amount	8,972,589
Total Deposits and Investments	<u>\$ 10,036,110</u>

DEPOSITS

State law requires that a bank or savings and loan association receiving State funds must secure the deposits by deposit insurance, surety bonds, collateral securities, or letters of credit to protect the State against any loss.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the College will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party.

The College's bank balances on deposit were \$4,034,125 at June 30, 2014. Of these, \$1,442,025 were exposed to custodial credit risk as uninsured; however, were collateralized with securities held by the pledging institution in the College's name. The carrying value of these deposits was \$3,476,652. Restricted cash includes \$126,088 held for student loans. The cash balance at brokerage firms are insured up to \$250,000 by the Securities Investor Protection Corporation (SIPC) with additional insurance provided by the brokerage firm through an excess SIPC policy.

Deposits - Discretely Presented Component Unit

Cash and cash equivalents consist of amounts on deposit, including interest-bearing deposits. The balances on deposit were insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The balances at the brokerage firm are insured up to \$250,000 by the Securities Investor Protection Corporation (SIPC) with additional insurance provided by the brokerage firm through an excess SIPC policy.

INVESTMENTS

The College is authorized, by the South Carolina Code of Laws, Title 6, Chapter 5, to invest in obligations of the United States and its agencies, obligations of the State of South Carolina and its political subdivisions, collateralized or federally insured certificates of deposit, and collateralized repurchase agreements.

HORRY - GEORGETOWN TECHNICAL COLLEGE
CONWAY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

The College's investments at June 30, 2014, that are not with the State Treasurer's Office are presented below. All investments are presented by investment type and by maturity.

Horry - Georgetown Technical College Investments

Investment Type	Fair Value	Less than 1	1 - 5	6 - 10	More than 10
Repurchase Agreements	\$ 12,223,317	\$ 12,223,317	\$ 0	\$ 0	\$ 0
Money Market Mutual Funds	8,323,587	8,323,587	0	0	0
FHLB Bonds	520,360	0	0	141,712	378,648
Federal Farm Credit Bonds/Notes	773,169	0	0	0	773,169
Federal Home Loan Mortgage	1,756,282	0	536,330	69,862	1,150,090
Federal National Mortgage Association Notes	1,867,720	0	1,196,115	0	671,605
U.S. Treasury Bonds/Notes	2,959,373	558,552	1,750,534	337,254	313,033
Municipal Bonds	2,592,236	0	621,768	1,325,690	644,778
Corporate Bonds	6,154,682	0	2,030,553	4,124,129	0
Total Investment	<u>\$ 37,170,726</u>	<u>\$ 21,105,456</u>	<u>\$ 6,135,300</u>	<u>\$ 5,998,647</u>	<u>\$ 3,931,323</u>

Discretely Presented Component Unit

Horry - Georgetown Technical College Foundation

Investment Type	Fair Value Amount
Debt Securities:	
Corporate Bonds	\$ 566,753
Mutual and Money Market Funds	4,200,360
U.S. Government Agencies	50,509
Common Stocks	3,431,450
Other Investments	<u>723,517</u>
Total Investment	<u>\$ 8,972,589</u>

HORRY - GEORGETOWN TECHNICAL COLLEGE
CONWAY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counter-party to a transaction, the College will not be able to recover the value of investments or collateral securities that are in the possession of an outside party. The College does not have a formal investment policy that addresses custodial credit risk. Of the College's \$12,223,317 investment in repurchase agreements, \$12,223,317 of the underlying securities are held by the investments counter-party in the College's Name.

Interest Rate Risk

Interest Rate Risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment.

The College does not have a formal investment policy that limits maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The College does not have an investment policy regarding credit risk.

The College's rated debt investments as of June 30, 2014, were rated by Standard & Poor's and are listed below using the Standard & Poor's rating scale.

Horry - Georgetown Technical College Rated Debt Investments

<u>Rated Debt Investments</u>	<u>Fair Value</u>	<u>Rating</u>
Repurchase Agreements	\$ 12,223,317	Unrated
Money Market Mutual Fund	8,323,587	Unrated
Corporate Bonds	523,312	AAA
Corporate Bonds	159,563	A-
Corporate Bonds	278,010	AA+
Corporate Bonds	952,515	A+
Corporate Bonds	1,554,449	A
Corporate Bonds	2,032,365	AA
Corporate Bonds	276,878	AA-
Corporate Bonds	377,590	Unrated
Federal Farm Credit Bonds	773,169	AA+
FHLB Bonds	520,360	AA+
Federal Home Loan Mortgage Corporation	606,192	AAA
Federal Home Loan Mortgage Corporation	1,150,090	AA+
Federal National Mortgage Association	1,867,720	AA+

HORRY - GEORGETOWN TECHNICAL COLLEGE
CONWAY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 2 - DEPOSITS AND INVESTMENTS (continued)

Horry - Georgetown Technical College Rated Debt Investments (Continued)

<u>Rated Debt Investments</u>	<u>Fair Value</u>	<u>Rating</u>
Municipal Bonds	\$ 146,340	A-
Municipal Bonds	947,830	AA
Municipal Bonds	807,793	AA+
Municipal Bonds	690,273	AAA
US Treasury Bonds	2,294,510	AAA
US Treasury Notes/Bonds	664,863	Unrated
Total Investment	<u>\$ 37,170,726</u>	

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a governments investment in a single issuer. The College places no limits on the amount the College may invest in any one issuer.

The College had Debt Securities at June 30, 2014 totaling 45 percent of its investments. The following Debt Type Investments represented 5 percent or more of total investments:

<u>Debt Type Investments</u>	<u>Percentage</u>
Corporate Bonds	16.56%
Federal National Mortgage Association	5.03%
US Treasury Bonds/Notes	7.96%
Municipal Bonds	<u>6.97%</u>
Total Investments	<u>36.52%</u>

The Discretely Presented Component Unit - Horry - Georgetown Technical College Foundation adopted a formal investment policy on June 17, 2007, addressing custodial credit risk, foreign currency risk, credit risk, interest rate risk, or concentration of credit risk.

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HORRY - GEORGETOWN TECHNICAL COLLEGE
CONWAY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2014 and June 30, 2013, including applicable allowances, are summarized as follows:

	2014	2013
Student Accounts	\$ 3,930,521	\$ 3,425,676
Federal Grants and Contracts	1,260,555	1,444,768
State Grants and Contracts	1,082,096	814,648
Local Grants and Contracts	<u>2,043,709</u>	<u>2,605,737</u>
	8,316,881	8,290,829
Less Allowance for Doubtful Accounts - Students	<u>(157,076)</u>	<u>(128,314)</u>
Net Accounts Receivable	\$ <u><u>8,159,805</u></u>	\$ <u><u>8,162,515</u></u>

Allowances for losses for student accounts receivable are established based upon actual losses experienced in prior years and evaluations of the current account portfolio. At June 30, 2014, the allowance for uncollectible student accounts is valued at \$157,076 and the allowance for uncollectible student accounts at June 30, 2013 was \$128,314.

NOTE 4 - LOANS RECEIVABLE

The College has been gifted funds that are restricted for the purpose of being loans to students that have emergency situations. The loans are short-term loans that are repaid normally within 90 days.

NOTE 5 - CONTRIBUTIONS RECEIVABLE

The composition of Discretely Presented Component Unit contributions receivable at June 30, 2014 is summarized as follows:

Contributions Receivable:	
Temporarily Restricted	\$ <u>699,300</u>
Total Contributions Receivable	\$ 699,300
Less:	
Unamortized discount to present value	<u>(157,635)</u>
Net Contributions Receivable	\$ <u><u>541,665</u></u>
Amounts due in:	
Less than one	\$ 76,100
One to five years	174,740
Five to ten years	<u>290,825</u>
Total	\$ <u><u>541,665</u></u>

The discount rate used to determine the fair value of contributions receivable was five percent for the fiscal year ended June 30, 2014.

HORRY - GEORGETOWN TECHNICAL COLLEGE
CONWAY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6 - CAPITAL ASSETS

PRIMARY GOVERNMENT

	Beginning Balance July 1, 2013	Increases	Decreases	Ending Balance June 30, 2014
Capital assets not being depreciated:				
Land	\$ 4,840,104	\$ 0	\$ 0	\$ 4,840,104
Construction in progress	3,694,662	2,910,469	804,906	5,800,225
Total capital assets not being depreciated	\$ 8,534,766	\$ 2,910,469	\$ 804,906	\$ 10,640,329
Other capital assets:				
Buildings and improvements	\$ 66,766,735	\$ 158,837	\$ 767,778	\$ 66,157,794
Machinery, equipment, and other	6,723,301	330,492	567,835	6,485,958
Vehicles	405,300	21,622	16,060	410,862
Depreciable land improvements	2,111,901	1,549,506	0	3,661,407
Total other capital assets at historical cost	\$ 76,007,237	\$ 2,060,457	\$ 1,351,673	\$ 76,716,021
Less accumulated depreciation for:				
Buildings and improvements	\$ (16,850,101)	\$ (1,521,154)	\$ (767,778)	\$ (17,603,477)
Machinery, equipment, and other	(5,008,967)	(589,828)	(567,835)	(5,030,960)
Vehicles	(285,057)	(58,343)	(16,060)	(327,340)
Depreciable land improvements	(1,586,539)	(127,946)	0	(1,714,485)
Total accumulated depreciation	\$ (23,730,664)	\$ (2,297,271)	\$ (1,351,673)	\$ (24,676,262)
Other capital assets, net	\$ 52,276,573	\$ (236,814)	\$ 0	\$ 52,039,759
Capital assets, net	\$ 60,811,339	\$ 2,673,655	\$ 804,906	\$ 62,680,088
State inventory listing movable equipment				\$ 6,966,843
Total equipment per books				6,896,820
Reconciled difference				\$ 70,023
Renovations booked as assets				\$ (48,935)
Loss duplicated				(65,734)
Pending Equipment Additions				44,646
Total Reconciling Items				\$ (70,023)

Assets totaling \$68,255 were transferred from other state agencies.

HORRY - GEORGETOWN TECHNICAL COLLEGE
CONWAY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 6 - CAPITAL ASSETS (continued)

In prior years, the financial statements of the Foundation reflected property and equipment which it purchased for the benefit and use of Horry - Georgetown Technical College. Property and equipment purchased by the Foundation consist of a vehicle reported as follows:

Total Property and Equipment (Vehicle)	\$38,000
Accumulated Depreciation	<u>(19,760)</u>
Capital Assets, Net of Accumulated Depreciation	<u>\$18,240</u>

NOTE 7 - PENSION PLANS

The Retirement Division of the State Budget and Control Board maintains four independent defined benefit plans and issues its own publicly available Comprehensive Annual Financial Report (CAFR) which includes financial statements and required supplementary information. A copy of the separately issued CAFR may be obtained by writing to Financial Services, South Carolina Retirement Systems, P.O. Box 11960, Columbia, South Carolina 29211. Furthermore, the Division and the four pension plans are included in the CAFR of the State of South Carolina.

Article X, Section 16, of the South Carolina Constitution requires that all State-operated retirement systems be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws of 1976, as amended, prescribes requirements relating to membership, benefits, and employee/employer contributions for each pension plan. Employee and employer contribution rates for the South Carolina Retirement System and the Police Officers Retirement System are actuarially determined. Annual benefits, payable monthly for life, are based on length of service and on average final compensation.

South Carolina Retirement System

The majority of employees of the College are covered by a retirement plan through the South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Retirement Division, a public employee retirement system. Generally all State employees are required to participate in and contribute to the SCRS as a condition of employment unless exempted by law as provided in Section 9-1-480 of the South Carolina Code of Laws. This plan provides retirement annuity benefits as well as disability, cost of living adjustment, death, and group-life insurance benefits to eligible employees and retirees.

On July 1, 2013, the required employee contribution increased to 7.50 percent. Effective July 1, 2013, the employer contribution rate became 15.52 percent which included a 4.92 percent surcharge to fund retiree health and dental insurance coverage. The College's actual contributions to the SCRS for the three most recent fiscal years ending June 30, 2014, 2013, and 2012, were \$1,616,644, \$1,656,405 and \$1,421,856, respectively, and equaled the required contributions (excluding the surcharge) for each year. Also, the College paid employer group-life insurance contributions of \$23,205 in the current fiscal year at the rate of .15 percent of compensation.

Police Officers Retirement System

The South Carolina Police Officers Retirement System (PORS) is a cost-sharing multiple-employer defined benefit public employee retirement plan administered by the Retirement Division. Generally all full-time employees whose principal duties are the preservation of public order or the protection or prevention and control of property destruction by fire are required to participate in and contribute to the System as a condition of employment. This plan provides annuity benefits as well as disability and group-life insurance benefits to eligible employees and retirees. In addition, participating employers in the PORS contribute to the accidental death fund which provides annuity benefits to beneficiaries of police officers and firemen killed in the actual performance of their duties. These benefits are independent of any other retirement benefits available to the beneficiary.

HORRY - GEORGETOWN TECHNICAL COLLEGE
CONWAY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 7 - PENSION PLANS (continued)

Employees participating in the PORS are required to contribute 7.84 percent of all compensation. Effective July 1, 2013, the employer contribution rate became 17.76 percent which, as for the SCRS, included the 4.92 percent surcharge. The College's actual contributions to the PORS for the years ending June 30, 2014, 2013, and 2012, were \$12,149, \$12,255, and \$10,298, respectively, and equaled the required contributions of 12.84 percent (excluding the surcharge) for each year. Also, the College paid employer group-life insurance contributions of \$189 and accidental death insurance contributions of \$189 in the current fiscal year for PORS participants. The rate for each of these insurance benefits is .20 percent of compensation.

Optional Retirement Program

The State Optional Retirement Program (State ORP) was first established as the Optional Retirement Program for Higher Education in 1987. In its current form, the State ORP is an alternative to the defined benefit SCRS plan offered to certain state, public school and higher education employees of the State. The State ORP, which is administered by the South Carolina Retirement Systems, is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by investment providers. The State assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers and are governed by the terms of the contracts issued by them.

ORP participation is limited to faculty and administrative staff of the State's higher education institutions who meet all eligibility requirements for membership in the SCRS. To elect participation in the ORP, eligible employees must irrevocably waive SCRS membership within their first ninety days of employment.

Under State law, contributions to the ORP are required at the same rates as for the SCRS, 10.60 percent plus the retiree surcharge of 4.92 percent from the employer in fiscal year 2014. A direct remittance is required from the employers to the investment provider for the employee contribution (7.50 percent) and a portion of the employer contribution (5 percent). Also, a direct remittance is required to the SCRS for a portion of the employer contribution (5.52 percent), which must be retained by SCRS.

Employees are eligible for group-life insurance benefits while participating in the State ORP. However, employees who participate in the State ORP are not eligible for post retirement group-life insurance benefits. For the fiscal year, total contribution requirements to the ORP were \$393,745 (excluding the surcharge) from the College as employer and \$280,711 from its employees as plan members. In addition, the College paid \$5,614 for group-life insurance coverage for these employees.

All amounts were remitted to the Retirement Division of the State Budget and Control Board for distribution to the respective annuity policy providers. The obligation for payment of benefits resides with the insurance companies.

Deferred Compensation Plans

Several optional deferred compensation plans are available to State employees and employers of its political subdivisions. Certain employees of the College have elected to participate. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k), and 403(b), are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the plans is placed in trust for the contributing employee. The State has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate State employment. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan.

HORRY - GEORGETOWN TECHNICAL COLLEGE
CONWAY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 7 - PENSION PLANS (continued)

Teacher and Employee Retention Incentive

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allows employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which will include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not make SCRS contributions, they do not earn service credit, and they are ineligible to receive group life insurance benefits or disability retirement benefits. Effective July 1, 2005, employees who choose to participate in the TERI Program will be required to make SCRS contributions. Due to the South Carolina Supreme Court decision in *Layman et al v. South Carolina Retirement System and the State of South Carolina*, employees who chose to participate in the TERI Program, prior to July 1, 2005 will not be required to make SCRS contributions.

NOTE 8 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides post-employment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents. Horry-Georgetown Technical College contributes to the Retiree Medical Plan (RMP) and the Long-term Disability Plan (LTDP), cost-sharing multiple-employer defined benefit postemployment healthcare and long-term disability plans administered by the Employee Insurance Program (EIP), a part of the State Budget and Control Board (SBCB). Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires May 2, 2008 and after, retirees are eligible for benefits if they have established twenty-five years of service for 100% employer funding and fifteen through twenty-four years of service for 50% employer funding. Benefits become effective when the former employee retires under a State retirement system. Basic long-term disability (BLTD) benefits are provided to active state, public school district and participating local government employees approved for disability.

Funding Policies

Section 1-11-710 and 1-11-720 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment healthcare and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees to the EIP and participating retirees to the SBCB except the portion funded through the pension surcharge and provided from other applicable sources of the EIP for its active employees who are not funded by State General Fund appropriations. Employers participating in the RMP are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, 4.92% and 4.55% of annual covered payroll for 2014 and 2013, respectively. The EIP sets the employer contribution rate based on a pay-as-you-go basis. Horry-Georgetown Technical College paid approximately \$949,939 and \$868,780 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2014 and 2013, respectively. BLTD benefits are funded through a per person premium charged to State agencies, public school districts, and other participating local governments. The monthly premium per active employee paid to EIP was \$3.50 for the fiscal years ended June 30, 2014 and 2013.

Effective May 1, 2008 the State established two trust funds through Act 195 for the purpose of funding and accounting for the employer costs of retiree health and dental insurance benefits and long-term disability insurance benefits. The South Carolina Retiree Health Insurance Trust Fund is primarily funded through the payroll surcharge. Other sources of funding include additional State appropriated dollars, accumulated EIP reserves, and income generated from investments. The Long Term Disability Insurance Trust Fund is primarily funded through investment income and employer contribution.

HORRY - GEORGETOWN TECHNICAL COLLEGE
CONWAY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 8 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (continued)

One may obtain complete financial statements for the benefit plans and the trust funds from Employee Insurance Program, 1201 Main Street, Suite 360, Columbia, SC 29201.

NOTE 9 - CONTINGENCIES, LITIGATION, AND PROJECT COMMITMENTS

Like any entity, the College may be subject to various litigations in the normal course of business. The College is involved in one such case; however the outcome of that case is yet to be determined. Although management believes this case will be resolved with no liability to the College, the institution maintains appropriate insurance converge to offset any significant financial losses associated with legal liabilities.

The College participates in certain Federal grant programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under terms of the grant. Management believes disallowances, if any, will not be material.

As of June 30, 2014 the outstanding project commitments were as follows:

Project	Expenditures To Date	Estimated Total Project	Estimated Completion Date
Conway Building 1000 Renovations	\$ 1,218,649	\$ 4,250,000	Spring 2015
Infrastructure	4,208,600	4,476,160	Spring 2015
Grand Strand Culinary Arts Building	372,975	15,000,000	Summer 2016
	<u>\$ 5,800,224</u>	<u>\$ 23,726,160</u>	

During the year, the College initiated a construction project to renovate three of the older buildings on its Conway Campus. The project has a budget of \$6,000,000 and included the exterior renovation and weatherization of Buildings 100, 200 and 1000. As of the balance sheet date, the total costs incurred on the renovation activities was \$1,848,775, with the preponderance of these costs relating to Building 1000, which is shown above. Renovation work on all three buildings is expected to be completed in the early spring of 2015. Other than this weatherization project and the matters disclosed above, the College management are aware of no other contingencies, litigations or other financial or legal commitments.

NOTE 10 - LEASE OBLIGATIONS

Contingent Rentals

Contingent rentals are defined, for purposes of this audit report, as rental agreements that can be cancelled by the College at any point with no further financial obligation. The College currently has two types of contingent rentals specifically covering five automobiles and office copiers. Details of those contingent rentals are as follows:

<u>Rental Agreement</u>	<u>Year</u>	<u>Expended for Contingent Rentals</u>
Automobiles	2014	\$ 22,408
	2013	\$ 23,580
Copiers	2014	\$ 41,733
	2013	\$ 48,512

HORRY - GEORGETOWN TECHNICAL COLLEGE
CONWAY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 10 - LEASE OBLIGATIONS (continued)

Operating Leases

The College has three operating leases as of June 30, 2014. The operating leases payments for equipment rental and facility rent made for 2014 and 2013 were as follows:

<u>Rental Agreement</u>	<u>Year</u>	<u>Expended for Operating Leases</u>
Equipment	2014	\$ 64,659
	2013	\$ 58,375

Future operating lease payments are as follows:

<u>Rental Agreement</u>	<u>Year</u>	<u>Future Operating Lease Payments</u>
Equipment	2015	\$ 64,659
	2016	\$ 49,455
	2017	\$ 43,043
	2018	\$ 17,512

NOTE 11 - RELATED PARTIES

Certain separately chartered legal entities exist, whose activities are related to those of the College, primarily to provide financial assistance and other support to the College and its educational programs. Financial statements for these entities are audited by independent auditors and retained by them. They include the Horry - Georgetown Technical College Foundation, Inc.

Management reviewed its relationship with the Foundation under the existing guidance of GASB Statement No. 14, as amended by GASB Statement No. 39 as amended by GASB Statement No. 61. Because of the nature and significance of its relationship with the College, the Foundation is considered a component unit of the College.

Following is a more detailed discussion of this entity and a summary of significant transactions (if any) between this entity and the College for the year ended June 30, 2014.

The Horry - Georgetown Technical College Foundation, Inc.

The Foundation is a separately chartered corporation organized exclusively to receive and manage private funds for the exclusive benefit and support of the College. The Foundation's activities are governed by its Board of Directors who are not members of the College's Board of Directors.

The College recorded non-governmental gift receipts of \$340,156 from the Foundation in nonoperating revenues for the fiscal year ended June 30, 2014 and \$289,834 from the Foundation in nonoperating revenues for the fiscal year ended June 30, 2013. These funds were used primarily to support the College by way of program development, construction projects, and program support. The Foundation reimburses the College for any purchases made by the College on behalf of the Foundation. The College provides office space and support services to the Foundation. The value of this office space and support services was approximately \$3,600 for the years ended June 30, 2014 and June 30, 2013.

HORRY - GEORGETOWN TECHNICAL COLLEGE
CONWAY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 11 - RELATED PARTIES (continued)

The Foundation's assets as of June 30, 2014 were \$10,601,540. As of June 30, 2014 the Foundation had \$541,665 in receivables, primarily due from donors (via pledges) and \$1,756,514 in outstanding liabilities primarily due to the College, for the Speir expansion.

NOTE 12 - RISK MANAGEMENT

The College is exposed to various risks of loss and maintains State or commercial insurance coverage for each of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. Settlement claims have not exceeded this coverage in any of the past three years.

The State of South Carolina believes it is more economical to manage certain risks internally and set aside assets for claim settlement. Several State funds accumulate assets and the State itself assumes substantially all the risk for the following claims of covered employees:

- Unemployment compensation benefits
- Worker's compensation benefits for job-related illnesses or injuries
- Health and dental insurance benefits
- Long-term disability and group-life insurance benefits

Employees elect health insurance coverage through either a health maintenance organization or through the State's self-insured plan.

The College and other entities pay premiums to the State's Insurance Reserve Fund (IRF), which issues policies, accumulates assets to cover the risk of loss, and pays claims incurred for covered losses relating to the following activities:

- Theft, damage to, or destruction of assets
- Real property, its contents, and other equipment
- Motor vehicles and watercrafts
- Torts
- Natural disasters
- Medical malpractice claims against the Infirmary

The IRF is a self-insurer and purchases reinsurance to obtain certain services and to limit losses in certain areas. The IRF's rates are determined actuarially.

The College obtains coverage through a commercial insurer for employee fidelity bond insurance for all employees for losses arising from theft or misappropriation.

NOTE 13 - NATIONAL FEDERAL DIRECT SUBSIDIZED AND UNSUBSIDIZED STAFFORD LOANS

The College participates in the National Federal Direct Subsidized and Unsubsidized Stafford Loan Program, which allows the College to disburse federal loans to students which are administered by the U.S. Department of Education. The loan activity is not reported in the accompanying financial statements because the responsibility for administration and collection passes to the U.S. Department of Education after the loans are disbursed. The College made loan disbursements of \$30,748,013 under this program during the fiscal year 2014 and \$34,029,079 for the fiscal year ended June 30, 2013.

HORRY - GEORGETOWN TECHNICAL COLLEGE
CONWAY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 14 - AGENCY FUNDS

The agency fund accounts for Student Activity Funds. The Student Activity Fund is used to account for assets held by the College as an agent for others, such as student organizations. These organizations exist with the explicit approval of and are subject to revocation by the College. Student Activity Funds are custodial in nature (assets equal liabilities).

The following is a summary of the changes in the Student Activity Fund:

	June 30, 2013			June 30, 2014
	Balance	Receipts	Disbursements	Balance
Student Activity	\$811,471	\$297,708	\$204,301	\$904,878
GCSAA	17,336	2,000	2,177	17,159
Engineering Day	0	1,516	1,516	0
	<u>\$828,807</u>	<u>\$301,224</u>	<u>\$207,994</u>	<u>\$922,037</u>

NOTE 15 - CAPITAL LEASES

Future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014 are as follows:

	Business- Type Activities
2015	\$ 6,973
Total Minimum Lease Payments	\$ 6,973
Less Amounts Representing Interest	(104)
Present Value	<u>\$ 6,869</u>

The scheduled maturity of the note payables and capital lease is as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Payments</u>
2015	\$ 6,869	\$ 104	\$ 6,973
Total	<u>\$ 6,869</u>	<u>\$ 104</u>	<u>\$ 6,973</u>

The College has one capital lease outstanding at June 30, 2014. This capital lease qualifies as a capital lease for accounting purposes and therefore, has been recorded at the present value of the future minimum lease payments as of the inception date. Assets purchased under lease totaled \$47,485 with an accumulated depreciation of \$47,485.

HORRY - GEORGETOWN TECHNICAL COLLEGE
CONWAY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 16 - LONG-TERM LIABILITIES

Long-term liabilities activity for the year ended June 30, 2014 was as follows:

	Balance June 30, 2013	Additions	Reductions	Balance June 30, 2014	Due within one year
Capital Lease	\$ 16,836	\$ 0	\$ 9,967	\$ 6,869	\$ 6,869
Compensated Absences Payable	1,723,670	114,867	125,514	1,713,023	92,332
	<u>\$ 1,740,506</u>	<u>\$ 114,867</u>	<u>\$ 135,481</u>	<u>\$ 1,719,892</u>	<u>\$ 99,201</u>

NOTE 17 - STATE APPROPRIATIONS

State funds for operations for the South Carolina Technical College System are appropriated to the State Board for Technical and Comprehensive Education (the Board), and the Board allocates funds budgeted for the technical colleges in a uniform and equitable manner. Appropriations are recognized as revenue when received and available. Amounts that are not expended by fiscal year-end lapse and are required to be returned to the General Fund of the State unless the Board receives authorization from the General Assembly to carry the funds over to the next year.

The following is a detailed schedule of State appropriations revenue reported in the financial statements for the fiscal year ended June 30, 2014 and June 30, 2013:

<u>NON-CAPITAL APPROPRIATIONS</u>	<u>2014</u>	<u>2013</u>
Appropriations per Annual Appropriations Act	\$ 7,166,050	\$ 6,916,656
Critical Needs Nursing Initiative - Proviso 5A.27	17,790	17,790
Pathways to Prosperity	36,742	48,531
Lottery Technology Funds	<u>176,045</u>	<u>184,557</u>
Total non-capital appropriations recorded as current year revenue	<u>\$ 7,396,627</u>	<u>\$ 7,167,534</u>
 <u>CAPITAL APPROPRIATIONS</u>	 <u>2014</u>	 <u>2013</u>
Energy Efficiency and Weatherization Improvements Building 1000C	\$ 781,412	\$ 239,270
Expenses incurred but not drawn during the current Fiscal year	0	100,000
Culinary Arts Building – Grand Strand	<u>257,329</u>	<u>0</u>
Total capital appropriations proceeds recorded as current year revenue	<u>\$ 1,038,741</u>	<u>\$ 339,270</u>

HORRY - GEORGETOWN TECHNICAL COLLEGE
CONWAY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 18 - SALES/PURCHASES WITH OTHER SC HIGHER EDUCATION INSTITUTIONS

The College had significant financial transactions with other South Carolina public institutions of higher education during the fiscal year. The College provided goods and/or services to other South Carolina higher education institutions for a fee during the fiscal year ending June 30, 2014, as listed below:

<u>Institution</u>	<u>Amount</u>
Clemson University	\$ 43,000
Florence Darlington Technical College	288,317
Coastal Carolina University	30,310
Greenville Tech	2,500
College of Charleston	1,725
Spartanburg Community College	<u>195</u>
Total	<u>\$ 366,047</u>

The College received goods and/or services from other South Carolina higher education institutions for a fee during the fiscal year ending June 30, 2014, as listed below:

<u>Institution</u>	<u>Amount</u>
Medical University of South Carolina	\$ 1,289
Coastal Carolina University	596,714
Spartanburg Community College	19,485
The Citadel	<u>1,320</u>
Total	<u>\$ 618,808</u>

NOTE 19 - OPERATING EXPENSES BY FUNCTION

Operating expenses by functional classification for the years ended June 30, 2014 and June 30, 2013 are summarized as follows:

	<u>June 30, 2014</u>						
	Salaries	Benefits	Scholar- ships	Utilities	Supplies and Other Serv.	Depreciation	Total
Instruction	\$ 12,759,266	\$ 3,783,221	\$ 0	\$ 0	\$ 1,992,674	\$ 0	\$ 18,535,161
Academic Support	2,601,534	844,283	0	0	1,224,679	0	4,670,496
Student Services	2,590,145	805,601	0	0	976,490	0	4,372,236
Operation & Maint. of Plant	1,197,156	459,958	0	1,348,792	3,943,170	0	6,949,076
Institutional Support	2,365,152	760,999	475	0	1,560,346	0	4,686,972
Scholarships	184,191	0	15,949,699	0	0	0	16,133,890
Auxiliary Enterprises	83,675	22,878	0	0	164,627	0	271,180
Depreciation	0	0	0	0	0	2,297,271	2,297,271
Total Operating Exp.	<u>\$ 21,781,119</u>	<u>\$ 6,676,940</u>	<u>\$ 15,950,174</u>	<u>\$ 1,348,792</u>	<u>\$ 9,861,986</u>	<u>\$ 2,297,271</u>	<u>\$ 57,916,282</u>

HORRY - GEORGETOWN TECHNICAL COLLEGE
CONWAY, SOUTH CAROLINA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

NOTE 19 - OPERATING EXPENSES BY FUNCTION (continued)

	<u>June 30, 2013</u>						
	Salaries	Benefits	Scholar- ships	Utilities	Supplies and Other Serv.	Depreciation	Total
Instruction	\$ 12,484,583	\$ 3,599,669	\$ 0	\$ 0	\$ 1,894,136	\$ 0	\$ 17,978,388
Academic Support	2,457,542	789,254	0	0	1,176,549	0	4,423,345
Student Services	2,630,136	767,712	0	0	759,342	0	4,157,190
Operation & Maint. of Plant	1,159,150	435,657	0	1,371,708	3,149,736	0	6,116,251
Institutional Support	2,381,809	732,912	248	0	1,320,485	0	4,435,454
Scholarships	237,304	0	16,990,497	0	0	0	17,227,801
Auxiliary Enterprises	69,591	19,515	0	0	124,673	0	213,779
Depreciation	0	0	0	0	0	2,150,465	2,150,465
Total Operating Exp.	<u>\$ 21,420,115</u>	<u>\$ 6,344,719</u>	<u>\$ 16,990,745</u>	<u>\$ 1,371,708</u>	<u>\$ 8,424,921</u>	<u>\$ 2,150,465</u>	<u>\$ 56,702,673</u>

NOTE 20 - STATEMENT OF ACTIVITIES

The following information is required by the office of the Comptroller General for the State of South Carolina's comprehensive annual financial report:

	<u>2014</u>	<u>2013</u>	<u>Increase/ Decrease</u>
Charges for Services	\$ 27,726,469	\$ 28,109,342	\$ (382,873)
Operating Grants and Contributions	23,215,791	23,287,308	(71,517)
Capital Grants and Contributions	4,791,226	4,304,988	486,238
Less Expenses	<u>(57,933,644)</u>	<u>(56,703,555)</u>	<u>(1,230,089)</u>
Net Program Revenue	(2,200,158)	(1,001,917)	(1,198,241)
Transfers:			
State Appropriations	8,545,368	7,506,804	1,038,564
Transfers To/From other State Agencies	<u>48,407</u>	<u>400,813</u>	<u>(352,406)</u>
Change in Net Position	6,393,617	6,905,700	(512,083)
Net Position, Beginning of Year	95,593,822	88,688,122	6,905,700
Net Position, End of Year	<u>\$ 101,987,439</u>	<u>\$ 95,593,822</u>	<u>\$ 6,393,617</u>

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SINGLE AUDIT ACT REQUIREMENTS

HORRY - GEORGETOWN TECHNICAL COLLEGE
CONWAY, SOUTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

	Project Number	Federal CFDA Number	Expenditures
Federal Grantor/Pass-Through <u>Grantor/Program Title</u>			
U.S. Department of Education			
Direct programs			
TRIO Cluster			
TRIO - Talent Search	P044A110125-13	84.044	\$ 280,217
TRIO - Talent Search	PO44A110125-12	84.044	39,036
TRIO - Upward Bound	P047A120950-13	84.047	219,213
TRIO - Upward Bound	P047A120950-12	84.047A	58,953
Total - Trio Cluster			\$ <u>597,419</u>
Student Financial Aid Cluster			
Federal Work Study	P033A093788	84.033	\$ 193,401
SEOG	P007A103788	84.007	211,336
PELL	P063P102577	84.063	17,760,612
Direct Federal Subsidized & Unsubsidized Loans	P268K112577	84.268	30,748,013
Total - Student Financial Aid Cluster			\$ <u>48,913,362</u>
Total U.S. Department of Education Direct Programs			\$ <u>49,510,781</u>
Pass Through State Dept. of Education:			
Perkins III	13VA408	84.048	\$ 356,584
Total Pass Through State Dept. of ED.			\$ <u>356,584</u>
Total U.S. Department of Education			\$ <u>49,867,365</u>
U.S. Department of Labor			
Pass Through Florence Darlington Technical College			
Assist Grant	TC-22521-11-60-A-45	17.282	\$ 280,682
Total Pass through Florence Darlington Technical College			\$ <u>280,682</u>
Total U.S. Department of Labor			\$ <u>280,682</u>

HORRY - GEORGETOWN TECHNICAL COLLEGE
 CONWAY, SOUTH CAROLINA
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Project Number</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
Federal Grantor/Pass-Through			
<u>Grantor/Program Title</u>			
U.S. Department of Interior			
Pass Thru Bureau of Indian Affairs			
Indian Affairs Work Agreement	AG11C50007	15.046	\$ <u>35,856</u>
Total U.S. Department of Interior			\$ <u>35,856</u>
 Total Federal Programs			 \$ <u><u>50,183,903</u></u>

HORRY - GEORGETOWN TECHNICAL COLLEGE
CONWAY, SOUTH CAROLINA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Horry - Georgetown Technical College and is presented on the accrual basis, the same basis of accounting used to prepare the basic financial statements as described in Note 1 of the financial statements.

The information in this schedule is presented in accordance with the requirements of Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts used in the preparation of the basic financial statements (or reported in the federal financial reports).

2. FEDERAL NON-CASH ASSISTANCE

Horry - Georgetown Technical College did not receive or expend federal awards in the form of non-cash assistance and had no federal loan guarantees at June 30, 2014.

3. DETERMINATION OF MAJOR PROGRAMS

Major federal programs were determined in accordance with OMB Circular A-133. For the year ended June 30, 2014, the following programs were determined to be major programs in accordance with OMB Circular A-133: Student Financial Aid Cluster, Trio Cluster and Perkins III.

4. RECONCILIATION OF CURRENT FUND REVENUES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

Total per Expenditures of Federal Awards	<u>\$50,183,903</u>
Total Federal Revenue	
Federal Grants Operating	\$ 1,639,420
Non Operating Grant	<u>17,796,470</u>
	<u>\$19,435,890</u>
Federal Direct Loans	
Subsidized Stafford Loans	\$13,645,629
Unsubsidized Stafford Loans	16,894,934
Plus Loans	<u>207,450</u>
Total Federal Direct Loans	<u>\$30,748,013</u>

5. FEDERAL DIRECT LOANS

Federal Family Education Loans were disbursed in the amount of \$30,748,013 have not been recorded as revenues in the financial statements as administration and collection passes to the U.S. Department of Education after the loans are disbursed.

6. TYPE A PROGRAM DOLLAR THRESHOLD

The dollar threshold for Type A programs was \$300,000. It was determined that the Student Financial Aid Cluster which included the National Direct Subsidized and Unsubsidized Loans should be excluded from the determination and audited as a major program.



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

Horry - Georgetown Commission for Technical Education
Horry - Georgetown Technical College
Conway, South Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Horry - Georgetown Technical College, as of and for the year ended June 30, 2014 and the related notes to the financial statements which collectively comprise Horry- Georgetown Technical Colleges' basic financial statements and have issued our report thereon dated September 26, 2014. Our report includes a reference to other auditors who audited the financial statements of the Horry – Georgetown Technical College Foundation, Inc., as described in our report on Horry – Georgetown Technical College's financial statements. The financial statements of Horry – Georgetown Technical College Foundation, Inc. were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Horry - Georgetown Technical College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Horry – Georgetown Technical College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness,

yet important enough to merit attention by those charged with governance.

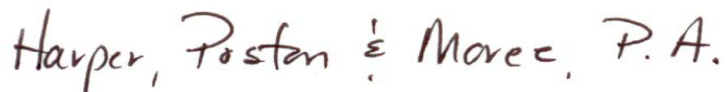
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weakness may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in dark ink that reads "Harper, Poston & Moree, P.A." in a cursive, slightly slanted script.

Harper, Poston & Moree, P.A.
Certified Public Accountants

Georgetown, South Carolina
September 26, 2014



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Horry - Georgetown Commission for Technical Education
Horry - Georgetown Technical College
Conway, South Carolina

Report on Compliance for Each Major Federal Program

We have audited Horry - Georgetown Technical College's compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of Horry - Georgetown Technical College's major federal programs for the year ended June 30, 2014. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Horry – Georgetown Technical College's major programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Horry - Georgetown Technical College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Horry - Georgetown Technical College's compliance.

Opinion on Each Major Federal Program

In our opinion, Horry - Georgetown Technical College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Horry - Georgetown Technical College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

A *deficiency* in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency or combination of deficiencies, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Harper, Poston & Moree, P.A.

Harper, Poston & Moree, P.A.
Certified Public Accountants

Georgetown, South Carolina
September 26, 2014

HORRY - GEORGETOWN TECHNICAL COLLEGE
CONWAY, SOUTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

SUMMARY OF THE AUDITOR'S RESULTS

1. The independent auditor's report on the financial statements expresses an unmodified opinion.
2. No significant deficiencies were disclosed during the audit of the basic financial statements as reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. The audit disclosed no instances of non-compliance in relation to the financial statements.
4. No significant deficiencies were disclosed during the audit of the major federal award programs as reported in the Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The report on compliance for major programs expressed an unmodified opinion.
6. The audit disclosed no audit findings that are required to be reported in accordance with Circular A-133, Section .510(a).
7. The major programs of Horry - Georgetown Technical College included in the audit were:

<u>Programs</u>	<u>CFDA #</u>
Student Financial Aid Cluster	84.033, 84.007, 84.063, 84.268
Perkins III	84.048
Trio Cluster	84.044A, 84.047, 84.047A
8. The dollar threshold for Type A programs for Horry-Georgetown Technical College was \$300,000. It was determined that the student financial aid cluster which included the national direct subsidized and unsubsidized loans should be excluded from the determination and audited as a major program.
9. Horry - Georgetown Technical College qualifies as a low-risk auditee.

FINDINGS IN RELATION TO THE AUDIT OF THE FINANCIAL STATEMENTS

1. No matters were reported.

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

1. No matters were reported.

HORRY - GEORGETOWN TECHNICAL COLLEGE
CONWAY, SOUTH CAROLINA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2014

Prior Year Findings – Major Federal Award Programs

No matters were reported.